

Transforming the Cimerwa Cement Manufacturing Company in Rwanda through Privatization to Enhance Profitability

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ABSTRACT

The research targeted the challenges encountered in the privatization process impacting the profitability of Cimerwa Cement Manufacturing Company in Rwanda. This investigation held significance for CIMERWA, the researcher, and future scholars. Adopting a case study approach, the research engaged 172 CIMERWA employees, with a sample size of 64 selected through stratified and random sampling methods. Questionnaires and documentary analysis facilitated primary and secondary data collection, while reliability and validity of the instruments were validated via pilot research using Cranach's Alpha and expert evaluations. SPSS software was employed for data analysis. Findings indicated that inadequate privatization strategies at CIMERWA hinder long-term sustainable performance and goal attainment, leading to escalated capital and maintenance costs, ultimately impacting the company's prosperity. The study emphasized that CIMERWA's efficiency in profitability hinges on its focus on crucial aspects such as material handling systems, warehousing, cost-effective profitability measures, supply chain and inventory management, all pivotal in organizational management. In terms of the benefits derived from privatization efforts, 23.4% of respondents affirmed that these services ensured accountability for profitability, while 60.9% attested to their role in ensuring profitability accountability. Employing the Pearson correlation coefficient in SPSS revealed a strong 96.3% correlation between privatization efforts and profitability.

Keywords: Privatization, CIMERWA cement, Profitability, Accountability, Employees.

INTRODUCTION

When a government has decided to privatize, it instructs its team of legal, financial and technical consultants to develop the bid documents, prescribing how potential bidders should present their offers. Most contracts are now tendered through competitive bidding, to promote transparency. The bid documents need to be delicately balanced to satisfy the needs of both the government and the users and present an attractive opportunity to the bidder. Once the private operator is in place, it carries out more detailed assessments of the infrastructure, and may well find that it had underestimated the quality and/or coverage. In such cases, they start to renegotiate relevant terms of the contract. However, companies may also submit bids to underbid the competition, even if the financial

viability of the bid is doubtful [1]. Surprisingly, so much emphasis has been placed on competition in the privatization process in the United States, especially when a look at private contractors in the waste field shows tremendous concentration among private contractors [2]. According to [3], the worldwide era of privatization has been picking up momentum in recent decades, making it a fairly new trend in the area of economic policy. The modern idea of privatization as an economic policy was pursued for the first time by the Federal Republic of Germany in 1957 when the government eventually sold a majority stake in Volkswagen to private investors. The next big move in privatization came in the 1980s with Margaret Thatcher's privatization of Britain Telecom and Chirac's

privatization of large banks in France. The political and economic policy of privatization, broadly defined as the deliberate sale by a government of state-owned enterprises (SOEs) or assets to private economic agents, is now in use worldwide. Since its introduction by Britain's Thatcher government in the early 1980s to a then-sceptical public (that included many economists), privatization now appears to be accepted as a legitimate often a core tool of statecraft by governments of more than 100 countries. Privatization is one of the most important elements of the continuing global phenomenon of the increasing use of markets to allocate resources. It was not until the successful British Telecom initial public offering in November 1984 that privatization became established as a basic economic policy in the UK. A series of increasingly massive share issue privatizations (SIPs) during the last half of the 1980s and early 1990s reduced the role of SOEs in the British economy to essentially nothing after the Tories left office in 1997, from more than 10 per cent of GDP 18 years earlier [4]. The government of Nigeria then opted for a privatization policy as a result of the inefficiency and ineffectiveness of the SOEs. Privatization policy is a global principle and guideline that invests public ownership of SOEs and gives rise to private ownership. Privatization came as an integral part of adjustment credits and the policy was aimed at enhancing the efficiency of resource allocation of government [5]. According to [6], privatization in Kenya is one of the strategic management options generally prescribed for the objective of sustainability in the water sector as promoted by the theory of market conservation. The privatization of water in Kenya has generated considerable policy debate. The debate

began with a working paper by [7] that considers lessons from the failures of earlier attempts (pilot schemes) to privatize urban water. The privatization of parts of the Rwandan public sector provides opportunities for private-sector investment.

According to [3], privatization as a method of reallocating assets and functions from the public sector to the private sector appears to be a factor that could play a serious role in the quest for growth. In recent history, privatization has been adopted by many different political systems and has spread to every region of the world. The process of privatization can be an effective way to bring about fundamental structural change by formalizing and establishing property rights, which directly create strong individual incentives. A free market economy largely depends on well-defined property rights in which people make individual decisions in their interests. The literature indicates that both in developed and developing countries, privatization structure and performance have been the subject of an important and ongoing debate in the corporate literature, but the decisions related to the contribution of privatization to the profitability of the company are still weak [8]. Rwanda is one of the Least Developed Countries (LDCs) and privatization is among the strategies that Rwanda is using to achieve the Vision 2020 Program, whereby Rwanda country needs to become a middle-income country. However, privatization is not clear in different domains in Rwanda (Services Proprietary Limited, 2012). Therefore, from the above background; the researcher needs to carry out this research with the case study of CIMERWA as among of companies whose management is already privatized.

METHODOLOGY

Research Design

A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This research used both descriptive and analytical design and it was based

on both inferential and descriptive statistics using both qualitative [9] and quantitative research methods. The contribution of privatization to the profitability of the company was measured through numerical analysis and then the profitability of CIMERWA was measured through ratios in the

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period under study.

Study population

The population of this research was 172 respondents" employees of CIMERWA LTD (Cimenterie du Rwanda [CIMERWA], 2013).

Sample Design

The research was carried out at CIMERWA Ltd as the sample was drawn from the population. CIMERWALTD is a well-known institution that provides crucial services to the population of Rwanda.

Sample Size

The level of precision or sampling

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error is 10% and 90% confidence level, the total population was 172, and the sample size was selected using the Yamane formula. Where; Error of precision and N: Target Population= 64. The sample size (n) of $1+N(e)^2$ the study was 21 employees from the finance and accounting department, 30 employees from the production department and 13 employees from the marketing department.

$$n = \frac{172}{1 + 172 (0.1^2)}$$

n = 64

Table 1: Categories under Study

Department	Target Population	Percentage	Sample size
Finance and accounting	60	37.21	21
Production	90	37.21	30
Marketing	22	37.21	13
Total	172	100	64

Source: Secondary data

Sampling Techniques

The choice of sampling technique is based on the feasibility and sensibility of collecting data to answer the research questions and to address the objectives. This research used both stratified and simple random sampling methods according to the three departments selected as stated in Table 1.

Data Collection Methods

Data were collected from both primary and secondary sources. Primary sources were from employees of CIMERWA while secondary sources were financial statements. The researcher used various instruments that helped in acquiring the sufficient data required from both primary and secondary sources.

Data Collection Instruments

In this study, to collect the information, a documentary review and questions were used to do effective research. The researcher, in this case, questionnaires were used as a technique for collecting primary data. The questionnaires were distributed to the employees of CIMERWA so that the study got accurate information related to the

research objectives. Documentary review was generally considered to be very important to this study. In this perspective, the researcher ought to consult valid documents related to the subject that the researcher is working on to share data with other researchers in the related field; this research has used the financial statements of CIMERWA.

Administration of Data Collection

Instruments

The researcher distributed the questionnaires to the respondents and waited for them for five days. Then the researcher made sure the number of questionnaires distributed had been filled by all respondents.

Validity and Reliability of the Instruments

While reliability is concerned with the accuracy of the actual measuring instrument or procedure, validity is concerned with the study's success at measuring what the researchers set out to measure to test the validity of the questionnaire used in the study; the researcher pre-tested them to 10 respondents. The data from pilot research was tested using Cronbach's Alpha (Coefficient); the validity of

research instruments was tested by different experts such as supervisors.

Data Analysis Procedures

The data, after collection, was processed and analyzed by the outline laid down for the purpose at the time of developing the research plan. To get quality information, there is a need for standard checking so that the research ends with realistic data, which reflects the depicted situation. The data collected had to be transformed into meaningful information for easy interpretation and understanding. During this study, editing was involved in the inspection and if necessary, connections of each questionnaire and observation form; the basic purpose of editing in this study was to impose some minimum quality standards on the raw data. The transformation of raw data was not automatic; however, it involved judgment on the part of the coder. The purpose of coding in this study was to classify the answers that were acquired, coded and tallies used to determine the frequencies and percentages of each response. The statistical tables were used to present the number of occurrences of each answer to the questions asked. Up to this level, it was through

mathematical and statistical tables that the number of occurrences of each answer to the questions asked was converted into percentages and frequencies which made it clear. An explanation of the relationship between the variables that were indicated in the tables was made. The data was analyzed through descriptive to determine frequencies and percentages.

Furthermore, correlational statistics was used to establish the relationship between variables in this study through the Pearson correlation coefficient. The Statistical Packaging for Social Sciences (SPSS) was used to analyze the data.

Ethical Consideration

About this study, the aims and objectives were conveyed to all the relevant authorities during the process of acquiring permission to do research, and to the employees and managers involved during the data collection stage. Respondents' participation was voluntary and they had the right to withdraw from the study at any time if they wished, both confidentiality and community-based participation were considered in this research [10].

RESULTS

Table 2: Distribution of Respondents by Gender

	Frequency	Per cent
Male	38	59.4
Female	26	40.6
Total	64	100.0

Source: Primary data

Findings in Table 2 indicate that out of 64 respondents, 59.4% were male and 40.6% were female. The above information implies that this study got information from both side males and females, as long as gender should

affect the working conditions of employees. Therefore, there was a need to analyze this information concerning gender in CIMERWA routine activities.

Table 3: Distribution of Respondents by Level of Education

	Frequency	Per cent
Secondary level	11	17.2
Diploma	15	23.4
Bachelor	32	50.0
Master's	6	9.4
Total	64	100.0

Source: Primary data

Table 3 shows that most of the employees of CIMERWA were educated where 50% have bachelor's degree, 23.3% have a diploma, 17.2% have secondary level and 9.4% have master degree. According to those percentages, this study got effective operations in knowledge and decision-

making at the routine tasks. However, the number, of employees who pursued only secondary level education is also less. Thus, we can expect effective operations in knowledge and decision-making at the routine tasks.

Table 4: Distribution of Respondents by Experience

	Frequency	Per cent
Less than 1 year	10	15.6
1 - 3 years	32	50.0
More than 3 years	22	34.4
Total	64	100.0

Source: Primary data

Table 4 indicates that out of 64 respondents, 15.6% were experienced less than 1 year, 50.0% were experienced between 1-3 years. This implies that the majority of respondents experienced more than 3

years and 10 people only were less than one year in the organization. Therefore, the researcher got accurate and useful information concerning privatization operations and profitability in CIMERWA.

Table 5: Distribution of Respondents by Position

	Frequency	Per cent
Head of the department	5	7.8
Finance and Accounting	2	3.1
Rest of staff	57	89.1
Total	64	100.0

Source: Primary data

Table 5 indicates that out of 64 respondents, 7.8% were head of the department, 3.1% were in finance and accounting, and 89.1 were the rest of the staff. Therefore, this study focused on the relevant employees who participated in data collection during the investigation. Hence, the information was from different sources of the organization. Therefore, this helped the researcher to conclude

and recommend CIMERWA in different departments according to the research findings.

Presentation of Findings

This part focuses on the presentation of findings according to the research objectives, the obstacles faced in the privatization of CIMERWA; the benefits brought by privatization operations in CIMERWA and the relationship between privatization and profitability of

CIMERWA.

The Obstacles Faced in Privatization of CIMERWA

This section indicates the obstacles faced by CIMERWA according to the first research objective. The study focused on Privatization services used to ensure accountability of CIMERWA

activities, Obstacles faced by profitability in CIMERWA, kind of privatization operations used to control profitability, Focus of CIMERWA during privatization operations and evidence of unbalanced documents.

Table 6: Privatization Services Used to Ensure Accountability of CIMERWA Activities

	Frequency	Per cent
Yes	15	23.4
No	39	60.9
Not sure	10	15.6
Total	64	100.0

Source: Primary data

Table 6 indicates that out of 64 respondents the majority of employees did not confirm privatization services as a tool used by CIMERWA to ensure its accountability, only 23.4% confirmed privatization as a tool used by CIMERWA to ensure accountability.

Hence, poor services in CIMERWA do not create long-term sustainable performance and goal achievement, where capital costs and maintenance costs should be increased and affect the wealth of CIMERWA during this period.

Table 7: Obstacles Faced by Profitability in CIMERWA

	Frequency	Per cent
Terrain	3	4.7
Procurement procedures	1	1.6
Lack of an adequate number of buses	3	4.7
All the above obstacles	57	89.1
Total	64	100.0

Source: Primary data

Table 7 indicates that out of 64 respondents, 89.1% chose all the obstacles stated in Table 7. The researcher revealed that the obstacles faced by CIMERWA are terrain, procurement procedures and lack of an

adequate number of employees. Therefore, the CIMERWA has a task to develop different mechanisms, whereby the above-presented obstacles should be reduced.

Table 8: Kind of Privatization Operations Used to Control Profitability

	Frequency	Per cent
Material handling system	15	23.4
Warehousing	20	31.2
Transportation cost	11	17.2
Supply chain management	5	7.8
Inventory management	13	20.3
Total	64	100.0

Source: Primary data

Table 8 presents the kind of privatization operations used to control efficient profitability in CIMERWA. Out of 64 respondents, the majority of respondents (31.2%) chose warehousing. This study revealed that less than half of respondents confirmed that privatization operations are used to

control profitability. This implies that profitability in CIMERWA cannot be achieved without its focus on material handling system, warehousing, transportation cost, supply chain management, and inventory management as among the drivers of organizational management.

Table 9: Focus of CIMERWA During Privatization Operations

Statement/Confirmation	Yes	No	Not sure
Financial report	85.9%	11%	3.1%
Procurement reports	7.8%	46.9%	45.3%
Management of assets	18.8%	65.6%	15.6%
Budget preparation process	85.9%	7.8%	6.2%
Management of Human Resources	93.8%	6.2%	-

Source: Primary data

Table 9 summarizes the important field that CIMERWA focuses on during privatization operations. The study revealed that CIMERWA focuses on financial reports, budget preparation processes and management of human resources. Other fields, like procurement reports and management of assets, have been neglected by the

management of CIMERWA, while there are useful tools in the planning and organization of the institution. Therefore, CIMERWA should improve the level of asset management and procurement system to achieve its level of performance and reduce bureaucratic delays in its operation.

Table 10: Views of Respondents on Evidence of Unbalanced Documents

	Frequency	Per cent
Yes	22	34.4
No	40	62.5
Not sure	2	3.1
Total	64	100.0

Source: Primary data

Table 10 indicates that out of 64 respondents, 34.4% confirmed that there is evidence of unbalanced documents, while 62.5% did not confirm the statement. Hence, this study revealed that the majority of

respondents said that there was no evidence from some unbalanced documents. Therefore, these unbalanced documents affect management and decision-making in CIMERWA.

Table 11: Determinants that Affect Privatization Operations in CIMERWA

Statement / Level of Perception	1	2	3	4	5
skilled workers	51.6	23.4	3.1	15.6	6.2
hours worked	71.9	4.7	-	15.6	7.8
Change in fuel efficiency	54.7	23.4	13	6.2	3.1
Change in transport efficiency	64.1	14.1	9.4	6.2	6.2
Government policies	81.2	15.6	3.1	-	-
Road standards capacity	93.8	4.7	1.6	-	-

(Where 1: strongly agree, 2: Agree, 3: Neither agree nor disagree 4: Disagree, 5: Strongly disagree).

Source: Primary data

Table 11 indicates the perception of respondents on determinants that affect privatization operations in CIMERWA. The study revealed that the respondents perceived that skilled workers, number of hours worked, change in fuel efficiency, change in transport efficiency, government policies and road standards capacity are the determinants that affect privatization in CIMERWA. Therefore, the above-mentioned determinants are the best key factors that any

organization should focus on so that it can improve its level of performance through privatization activities.

The Benefits Brought by Privatization Operations in CIMERWA

This part focuses on the benefits brought by privatization, like optimum allocation of resources, Monitoring and enforcement, good governance, Decision making, other Benefits brought by privatization operations in CIMERWA and privatization as a factor of improving profitability.

Table 12: The Benefits Brought by Privatization Operations in CIMERWA

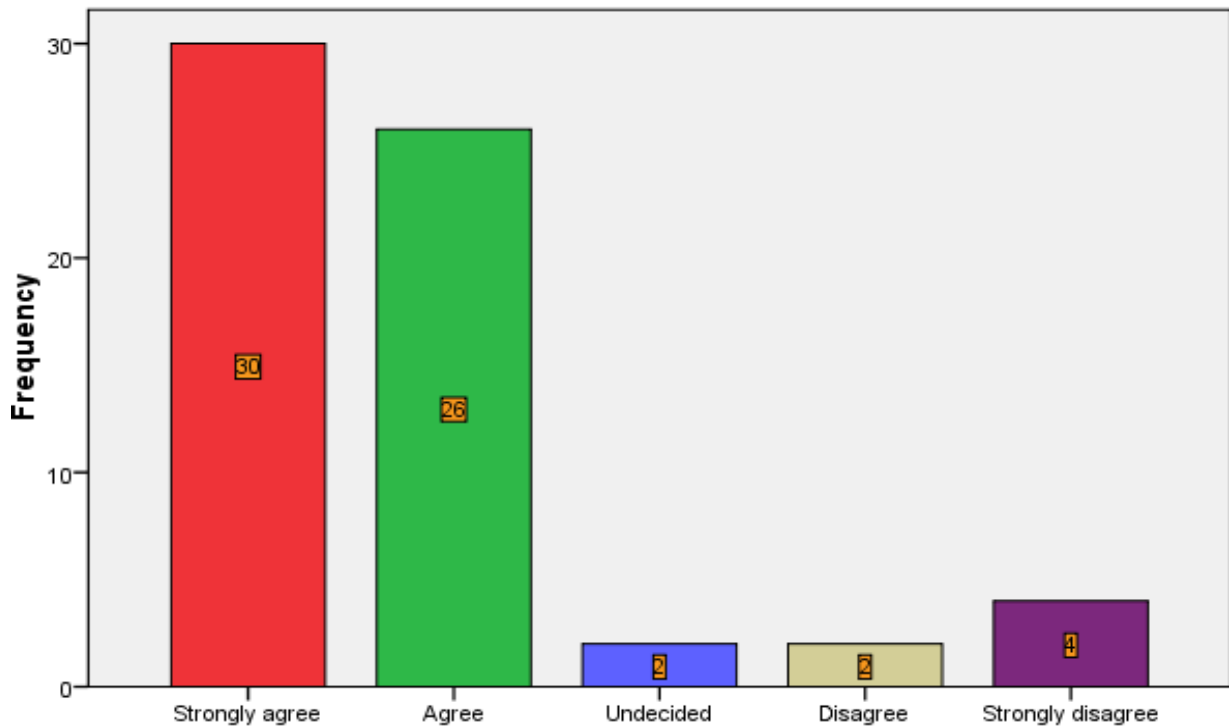
Benefits / Perception	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Total
Ownership	25	34	-	3	2	64
increased Competition	16	36	6	4	2	64
Innovation	21	31	9	-	3	64
Public Interest	23	21	14	2	4	64
Fragmentation of industries	25	34	3	2	-	64
Increases in productivity	23	29	10	-	2	64
Improvement in the quality of the product	28	24	1	8	3	64

Source: Primary data

Table 12 indicates the benefits brought by privatization operations in CIMERWA, the study found that in CIMERWA, privatization influences

ownership, competition, innovation, public interest, productivity, quality of the product and fragmentation of the industry.

Perception of respondents on well allocation of resources



Perception of respondents on well allocation of resources

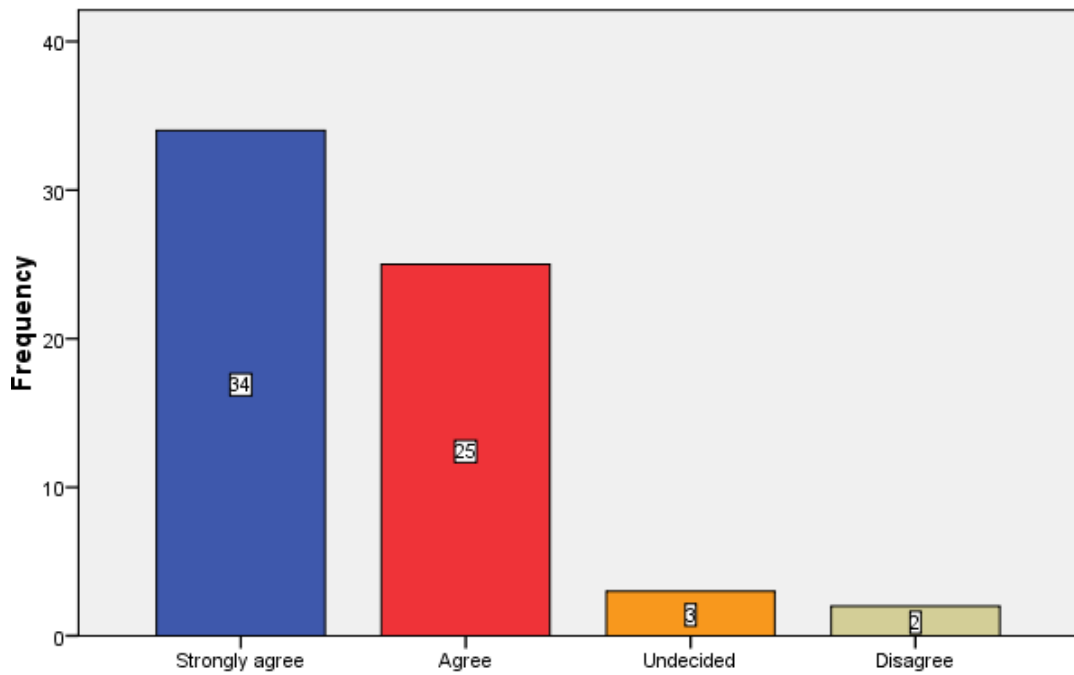
Source: Primary data

Figure 1: Optimal Allocation of Resources

Figure 1 indicates that out of 64 respondents, 30% strongly agreed that resource allocation is among the benefits brought by privatization in Rwanda, while 26 % agreed with the statement. Therefore, resource

allocation is a process and strategy involving a company deciding where scarce resources should be used in the production of goods or services through privatization.

Perception of respondents on monitoring and Enforcement



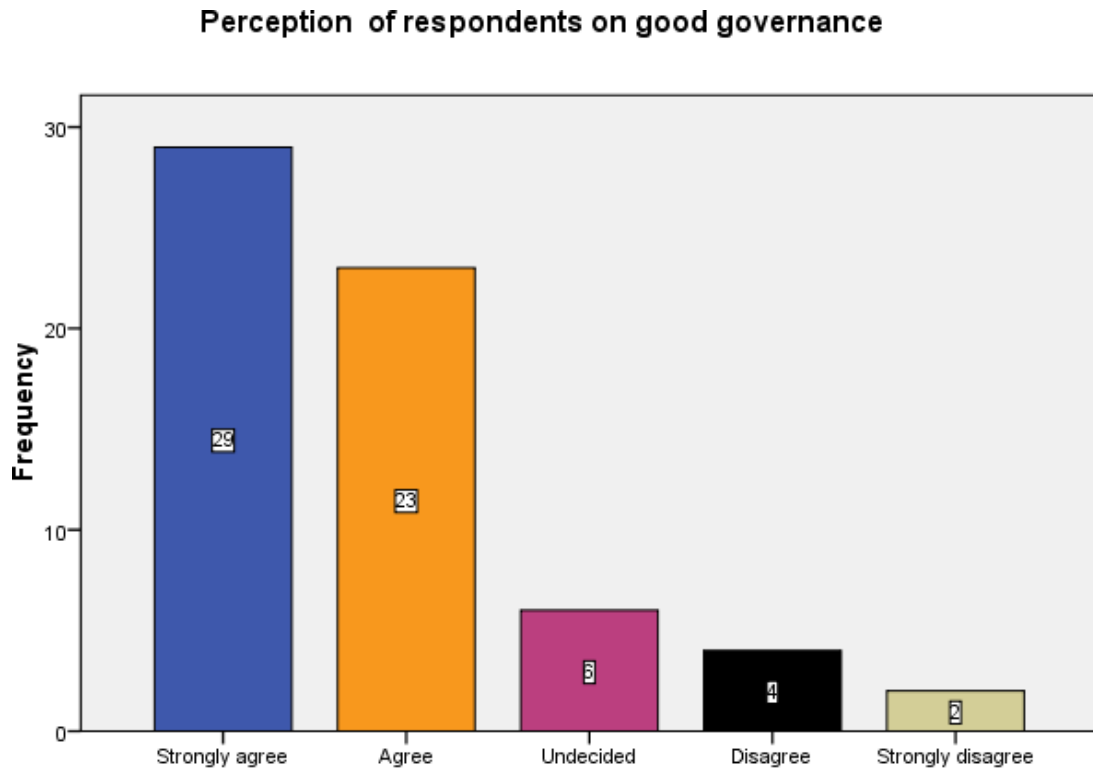
Perception of respondents on monitoring and Enforcement

Source: Primary data

Figure 2: Monitoring and Enforcement

Figure 2 indicates that out of 64 respondents, 34% strongly agreed that CIMERWA focuses on monitoring and enforcement, while 25% agreed with the statement. This implies that monitoring and enforcement are

among the benefits brought by privatization. Therefore, monitoring facilitates supervision of activities in progress to ensure that they are on course and on schedule in meeting the objectives and performance targets.



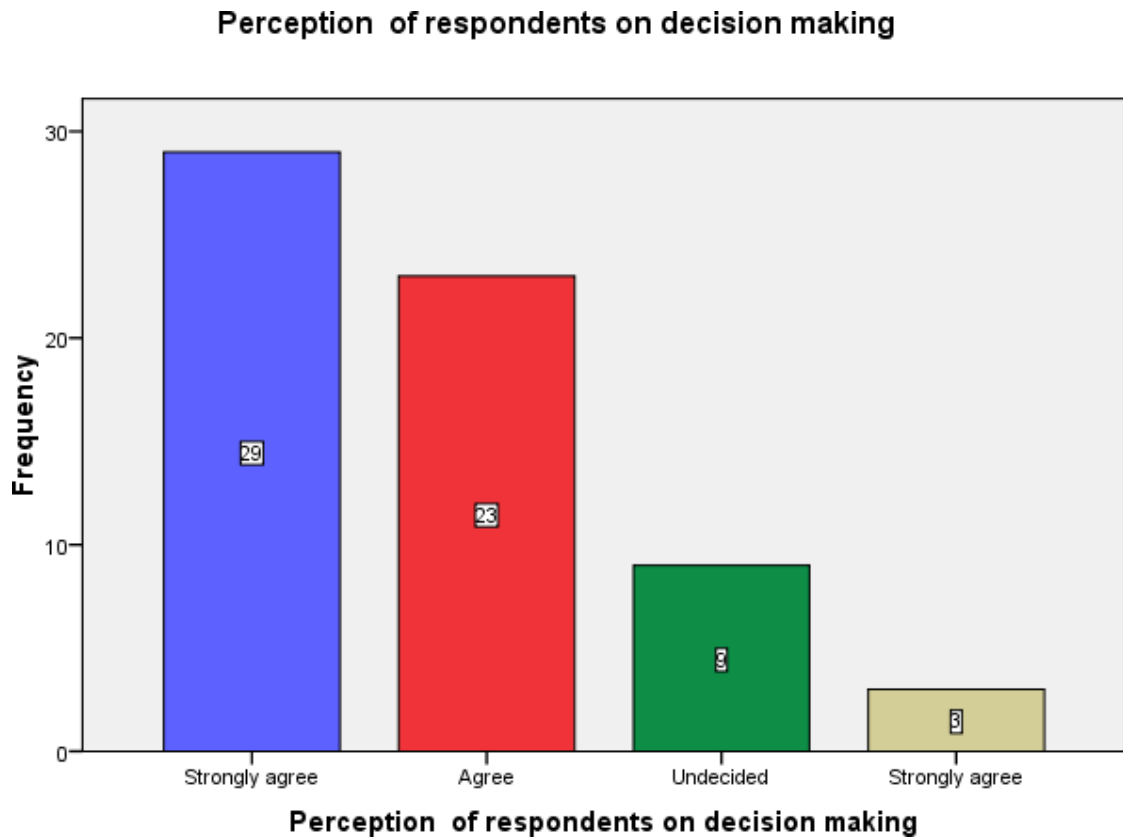
Perception of respondents on good governance

Source: Primary data

Figure 3: Good Governance

Figure 3 indicates that out of 64 respondents, 29 respondents strongly agreed that CIMERWA focuses on good governance, while 23 agreed with the statement. This implies that good

governance is among the benefits brought by privatization in CIMERWA. Therefore, good governance of CIMERWA depends on the increase of managerial skills of the staff.



Source: Primary data
Figure 4: Decision Making

Figure 4 indicates that out of 64 respondents, 29 strongly agreed that decision-making is among the benefits brought by privatization in CIMERWA while 23 agreed with the statement. Hence, problem-solving and decision-making are important skills for business and life. Problem-solving often involves decision-making, and

decision-making is especially important for management. There are processes and techniques to improve decision-making and the quality of decisions. Decision-making is more natural to certain personalities, so these staff should focus more on improving the quality of their decisions.

Table 13: Other Benefits Brought by Privatization Operations in CIMERWA

	Frequency	Per cent
Employment opportunities	42	65.6
Employees performance	11	17.2
No benefits	11	17.2
Total	64	100.0

Source: Primary data

Table 13 indicates benefits brought by privatization operations in CIMERWA and the majority of respondents revealed that 65.6% said that employment opportunities are the best

benefit that they got from privatization operations. Fewer of them (17.2%) revealed employees' performance as among the benefits brought by privatization operations.

Table 14: The Importance of Privatization as a Factor of Improving Profitability

	Frequency	Per cent
Very important	49	76.6
Important	7	10.9
Not important at all	8	12.5
Total	64	100.0

Source: Primary data

Table 14 indicates the importance of privatization as a factor in improving profitability, where more than half (76.6%) of respondents said that privatization operations are a very important factor in improving profitability. From this information, the researcher revealed that management is a key process in the privatization chain, which is involved in every stage. Hence,

various decisions need to be made, whereby the most important of these factors are those relating to cost.

Relationship between Privatization and Profitability of CIMERWA

This part indicates the relationship between variables under study, such as privatization and profitability of CIMERWA.

Table 15: Relationship between Privatization and Profitability of CIMERWA

		Privatization	Profitability of CIMERWA
Privatization Correlation	Pearson	1	.963**
Sig. (2-tailed)			.000
	N	64	64
Profitability of CIMERWA Correlation	Pearson	.963**	1
Sig. (2-tailed)		.000	
	N	64	64

Source: Primary data

Table 15 shows the relationship between privatization and profitability of CIMERWA. Using Pearson's theory, the researcher found that there is a positive and very high correlation between privatization and the profitability of CIMERWA. The table also indicates that

correlation is significant at the error of precision equal to 1% (2-tailed) and P-value equal to 0.000, this implies and confirms that the relationship between privatization and profitability of CIMERWA are highly and positively correlated at the rate of 0.963 or 96.3%.

Table 16: Analysis of Secondary Data from 2008 - 2012

Year/ Profitability Indicators	Net profit	Total asset	Total Equity	ROA	ROE
2008	998648311	16,454,088,23 5	11,528,358,30 8	0.06069 3	0.086625
2009	1,064,321,204	17,897,507,49 0	12,126,388,38 2	0.05946 8	0.087769
2010	5,371,800,356	19,005,946,45 4	12,179,658,13 0	0.28263 8	0.441047
2011	-1,108,702	33,488,817	26,374,377	-0.03311	- 0s.04204
2012	-1,335,868	31,343,140	24,423,513	-0.04262	-0.0547

Source: CIMERWA

Table 16 indicates the variations of profitability indicators of CIMERWA from 2008 upto 2012. The study found that from 2008 to 2010 there was an increase in net profit; this shows that privatization affects positively the level

of profitability in CIMERWA. On the other hand, from 2011 up to 2012 there was a decrease in net profit, the decrease depended on other factors, like government policies and private sector regulations.

DISCUSSION

Summary of Findings

This section focuses on the findings of

the research according to the research objectives. The obstacles faced in the

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privatization of CIMERWA, the benefits brought by privatization operations in CIMERWA and the relationship between privatization and profitability of CIMERWA.

The Obstacles Faced in Privatization of CIMERWA

About the first research objective, the study revealed that the respondents perceived that skilled workers, number of hours worked, changes in fuel and transport efficiencies, government policies and road standards capacity are the determinants that affect privatization in CIMERWA. Therefore, the above-mentioned determinants are the best key factors that any organization should focus on so that it can improve its level of performance through privatization activities. The study also revealed that the other obstacles faced by CIMERWA in privatization are terrain, procurement procedures, and lack of an adequate number of employees.

The Benefits Brought by Privatization Operations in CIMERWA

Concerning the second research objective; the benefits brought by privatization operations in CIMERWA out of 64 respondents, 23.4% of employees

Concerning the first research question, the study concluded that, poor services of privatization activities in CIMERWA do not create a long-term sustainable performance and goal achievement, where the cost of capital and maintenance costs should be increased and affect the wealth of CIMERWA; efficiency in profitability of CIMERWA cannot be achieved without its focus on material handling system, warehousing, profitability cost, supply chain management, inventory management as among of the drivers of organizational management. The study revealed that CIMERWA focuses on financial reports, budget preparation processes and management of human resources. Other fields, like procurement reports and management of assets, have been

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confirmed that privatization services were used to ensure accountability of profitability efficiency, 60.9% did not reveal that privatization services were used to ensure accountability of profitability efficient and 15.6 % were not sure; according to the importance of privatization as a factor of improvement profitability operations, where 76.6% revealed important, 10.9% revealed important and 12.2% revealed not important at all. The study also found that in CIMERWA, privatization influenced ownership, competition, innovation, public interest, productivity, quality of the product and fragmentation of the industry.

Relationship between Privatization and Profitability of CIMERWA

Concerning the third research objective, using the views and opinions of respondents, this study used a correlation coefficient through the SPSS program and found that privatization operations correlate to profitability at the rate of 96.3%. Hence, there is a positive and very high correlation between the privatization and profitability of CIMERWA.

CONCLUSION

neglected by the management of CIMERWA, while these are useful tools in the planning and organization of the institution. Therefore, CIMERWA should improve the level of asset management and procurement system to achieve its level of performance and reduce bureaucratic delays in its operation. The success of any supply chain can be judged by its management and privatization operations. Hence, various decisions need to be made, whereby the most important of these factors are those relating to cost. The study revealed that the respondents perceived that skilled workers, number of hours worked, change in fuel efficiency, change in profitability efficiency, government policies and road standards capacity are the determinants that affect

profitability operations in CIMERWA. CIMERWA profitability activities play a pivotal role in the welfare of Rwandan society in terms of the profitability sector. The management and technical staff of CIMERWA need external support like training and consultants in the field of privatization and profitability operations. Regarding the third research question, using Pearson's theory, the researcher found that there is a positive and very high correlation between privatization operations and efficient profitability. The profitability system is the most important economic activity among the components of business privatization systems. The improvement of the item of higher operation costs can get better effects. Hence, managers must comprehend profitability system operation thoroughly. In the privatization system cost could be regarded as a restriction of the objective market. It is the planning of all these functions and sub-functions into a system of goods movement to minimize cost and maximize service to the customers that constitute the concept of business privatization. The system, once put in place, must be effectively

managed.

Recommendations

According to the research findings and conclusion of this study, the researcher recommended CIMERWA and the Government of Rwanda that, privatization systems must have interdependent relationships that management needs to perform its activities and meanwhile, a successful privatization system could be developed to improve the environment and development. Since public institutions contribute the highest cost among the related elements in privatization systems, the improvement of profitability efficiency could change the overall performance of a privatization system in both Government and private sector policies. The government of Rwanda should improve managerial skills related to privatization so that capacity building should play an important role in the privatization system and its activities appear in various sections of privatization processes. Without the linking of profitability, a powerful privatization strategy cannot bring its capacity into full play.

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